



Rep. Karen May

**Filed: 2/23/2012**

09700HB3976ham001

LRB097 16441 RPM 66509 a

1 AMENDMENT TO HOUSE BILL 3976

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3976 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by  
5 adding Section 44.1 as follows:

6 (215 ILCS 5/44.1 new)

7 Sec. 44.1. Health insurance cooperatives.

8 (a) In addition to all other provisions of this Article not  
9 in conflict with this Section, an entity seeking to organize  
10 under this Article as a health insurance cooperative shall meet  
11 all of the following requirements:

12 (1) The entity shall comply with all provisions  
13 applicable to domestic mutual insurance companies under  
14 this Code.

15 (2) The articles of incorporation of the entity shall  
16 demonstrate that the entity is to be organized as a

1        nonprofit member corporation and that the governance of the  
2        entity shall be subject to a majority vote of all members.

3        (3) The activities of the entity shall include, but not  
4        be limited to, the issuance of health care plans in the  
5        individual and small group markets.

6        (4) Either the articles of incorporation or the bylaws  
7        of the entity shall incorporate ethics and conflict of  
8        interest standards and the governance requirements set  
9        forth in Section 1322(c)(3)(C) of the federal Patient  
10       Protection and Affordable Care Act.

11       (5) The entity or a related entity or any predecessor  
12       of either shall not have been a health insurance issuer on  
13       July 16, 2009.

14       (6) The entity shall not be sponsored by a State or  
15       local government, any political subdivision thereof, or  
16       any instrumentality of such government or political  
17       subdivision.

18       (7) Surplus shall be used to lower premiums, to improve  
19       benefits, or for other programs intended to improve the  
20       quality of health care delivered to its members.

21       (8) No representative of a federal, State, or local  
22       government, or any political instrumentality thereof, and  
23       no representative of an entity described in paragraph (5)  
24       of subsection (a) of this Section may serve on the board of  
25       directors of the cooperative.

26       (b) Notwithstanding Section 37 of this Article, the

1 corporate name of any organization seeking to organize under  
2 this Article as a health insurance cooperative need not contain  
3 the word "Mutual" but shall contain the phrase "Health  
4 Insurance Cooperative". The corporate name shall not be the  
5 same as, or deceptively similar to, the name of any domestic  
6 organization or of any foreign or alien organization authorized  
7 to transact business in this State.

8 (c) An entity seeking to be organized as a health insurance  
9 cooperative shall submit an application to the Director  
10 according to procedures and meeting such requirements as the  
11 Director shall adopt by rule. No entity shall transact any  
12 business of insurance until it has received a certificate of  
13 authority as set forth in Section 51 of this Article.

14 (d) The Department may adopt rules for the administration  
15 of the provisions of this Section.

16 Section 10. The Co-operative Act is amended by changing  
17 Section 22 and by adding Section 30 as follows:

18 (805 ILCS 310/22) (from Ch. 32, par. 326)

19 Sec. 22. No corporation or association hereafter organized  
20 or doing business for profit in this State shall ~~be entitled to~~  
21 use the term "Co-operative" as a part of its corporate or other  
22 business name or title unless it has complied with the  
23 provisions of this Act, except (1) a corporation organized  
24 under the Business Corporation Act of 1983 for the purpose of

1 ownership or administration of residential property on a  
2 cooperative basis, ~~or~~ (2) a cooperative corporation organized  
3 under the General Not For Profit Corporation Act of 1986 or its  
4 predecessor or successor statutes, or (3) a domestic mutual  
5 insurance company licensed as a health insurance cooperative by  
6 the Director of Insurance under Article III of the Illinois  
7 Insurance Code. Any corporation or association violating the  
8 provision of this Section may be enjoined from doing business  
9 under such name at the instance of any shareholder of any  
10 association or corporation organized under this Act.

11 (Source: P.A. 95-368, eff. 8-23-07.)

12 (805 ILCS 310/30 new)

13 Sec. 30. Health insurance cooperative.

14 (a) Notwithstanding any other provisions of this Act,  
15 health insurance cooperatives may be organized under this  
16 Section by one or more persons.

17 (b) The purpose of a health insurance cooperative is to  
18 provide health care benefits for the individuals specified in  
19 subsection (h) of this Section as a risk-bearing entity.

20 (c) A health insurance cooperative shall be designed so  
21 that all of the following are accomplished:

22 (1) The members become better informed about health  
23 care trends and cost increases.

24 (2) All members receive their health care benefits  
25 under the group health care policy or plan negotiated under

1       subsection (h) of this Section.

2       (3) The members are actively engaged in designing  
3       health care benefit options that are offered by the insurer  
4       and that meet the needs of their community.

5       (4) The health insurance risk of all of the members is  
6       pooled.

7       (5) The members actively participate in health  
8       improvement decisions for their community.

9       (d) The articles of a health insurance cooperative shall  
10      set forth the name and address of at least one incorporator who  
11      will act as the temporary board.

12      (e) Each health insurance cooperative shall be organized on  
13      a membership basis with no capital stock.

14      (f) Any person that does business in, is located in, has a  
15      principal office in, or resides in the geographic area in which  
16      a health insurance cooperative is organized, that meets the  
17      membership criteria established by the health insurance  
18      cooperative in its bylaws, and that pays the membership fee may  
19      be a member of the health insurance cooperative.

20      (g) Each health insurance cooperative shall file its  
21      membership criteria, as well as any amendments to the criteria,  
22      with the Director.

23      (h) Eligible members of the health insurance cooperative  
24      include:

25      (1) An individual who is a member, officer, or eligible  
26      employee of a company or organization with 100 or fewer

1       employees.

2           (2) A self-employed individual.

3           (3) A dependent of an individual under items (1) and  
4       (2) of this subsection (h) who receives coverage.

5       (i) Each health insurance cooperative shall submit to the  
6       Director annually, no later than September 30, a report on the  
7       health insurance cooperative described in this Section.

8       (j) The membership contract between the health insurance  
9       cooperative and the member shall be for a term of 3 years. Upon  
10       membership enrollment in the health insurance cooperative,  
11       each member shall pay to the health insurance cooperative a  
12       membership fee of at least \$250. If a member withdraws from the  
13       health insurance cooperative before the end of the contract  
14       term, the member shall not be eligible to rejoin the health  
15       insurance cooperative for a period of at least one year, and  
16       the health insurance cooperative may retain, as a penalty, the  
17       membership fee.

18       (k) As used in this Section, "Director" means the Director  
19       of Insurance.

20       Section 99. Effective date. This Act takes effect upon  
21       becoming law.".